UNIVERSITY OF DELAWARE

FINANCIAL STATEMENT AUDIT
FISCAL YEAR ENDED JUNE 30, 2024

UNIVERSITY OF DELAWARE

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2024

BACKGROUND

The Office of Auditor of Accounts presents a financial statement audit of the University of Delaware. This audit was conducted for Fiscal Year ended June 30, 2024. The primary objective of a financial statement audit is to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position of an entity (state-funded portion of the finances to the University of Delaware).

AOA completed this engagement under the authority of 29 Del. C., §2906(a) - "The Auditor shall conduct audits of all the financial transactions of all state agencies. To the extent possible, the Auditor shall conduct the audits at least once every 2 years." as authorized by §5109 of Title 14.

The University of Delaware (the University), a privately chartered university with public support, is a doctoral/research institution extensive, land grant, sea grant, space grant, and urban grant institution.

The University receives annual operating and capital appropriations from the state. Delaware General Fund state appropriations provided to the University of Delaware in fiscal year 2024 totaled approximately $139.5 million compared to $134 million in fiscal year 2023.

In the House Bill No. 195 Act of 2024, the State appropriated $117,392,000 to the University for unrestricted use in its operations and student scholarships. Additionally, in House Bill No. 195 Act of 2024 the State appropriated $17,624,300 for restricted programmatic support for the related colleges within the University. The State also provided contingency funds of $4,982,600 exclusively for personnel costs.

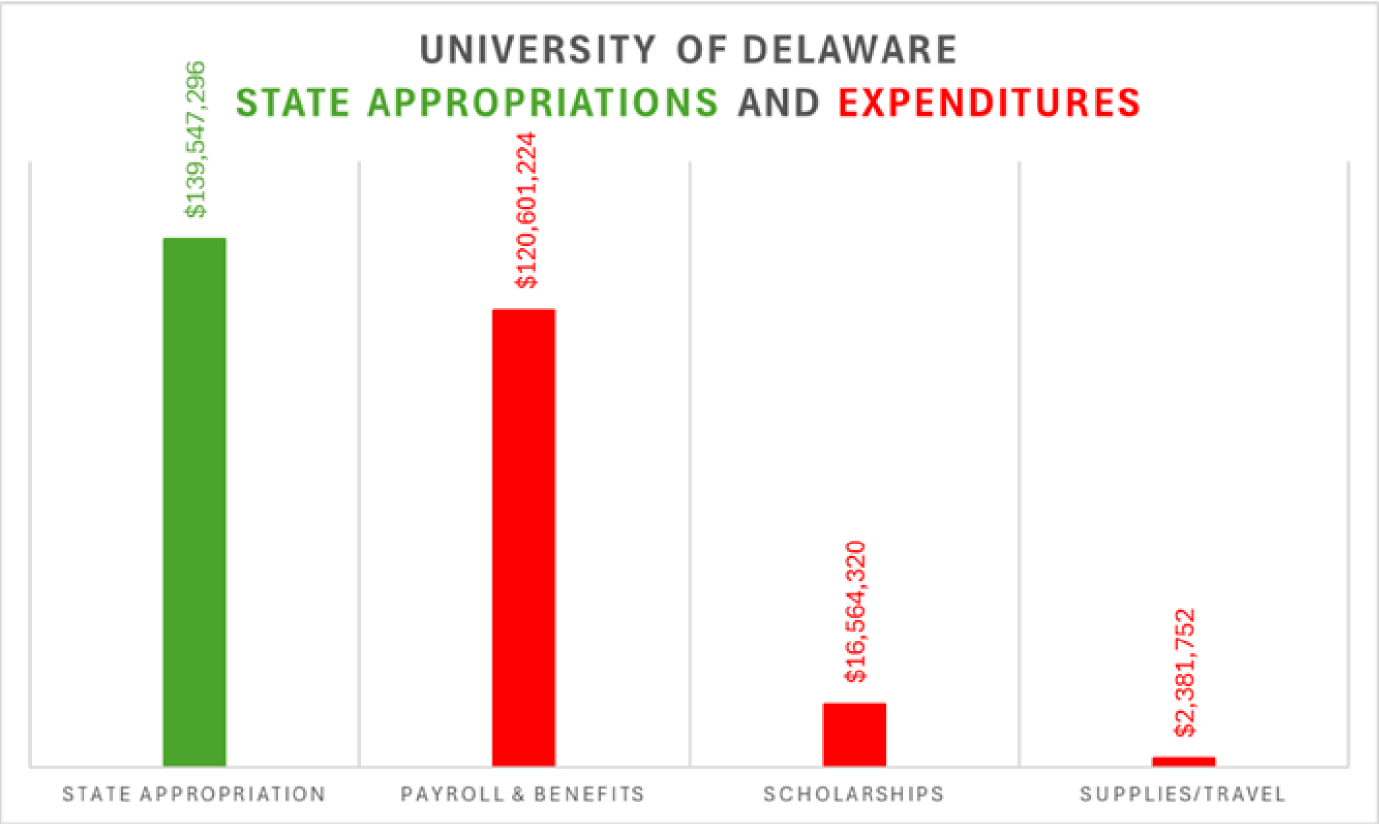
In the Senate Bill No. 160 Act of 2024, the State appropriated $20,000,000 to the University for the construction and deferred maintenance of laboratories. Capital appropriations are required to be expended within three years of issuance unless a continuance is requested and approved.

UNIVERSITY OF DELAWARE

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2024

KEY INFORMATION & FINDINGS

Of the $139,547,296 of state general funds received, $120,601,224 was expended on payroll and benefits, $16,564,320 was spent on student scholarships, and $2,381,752 was spent on supplies and travel.



The financial statement audit contains an unmodified “clean” opinion. An unmodified opinion expresses that the financial statements present fairly, in all material respects, an entity’s financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

The auditor’s reports over internal control over financial reporting did not identify any deficiencies in internal control that is considered to be a material weakness.

There were no findings required to be reported under Government Auditing Standards.

Gunnip&company LLP
Certified Public Accountants and Consultants

UNIVERSITY OF DELAWARE

Statements of State of Delaware General, Capital Improvement, and Agency Funds Appropriated, Received, and Expended, with Supplemental Data

Year Ended June 30, 2024

(With Independent Auditors' Reports Thereon)

UNIVERSITY OF DELAWARE

Table of Contents

Gunnip&company LLP
Certified Public Accountants and Consultants

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Katherine L. Silicato CPA
George W. Hager CPA
Robert T. Wright CPA
Christopher D. Erisman CPA
Alex K. Masciantonio CPA
Lynn B. Ritter CPA

Independent Auditors' Report

The Board of Trustees
University of Delaware
Newark, Delaware

Opinion

We have audited the accompanying financial statements of the University of Delaware (the University), which comprise the statements of State of Delaware general funds appropriated, received, and expended; State of Delaware general funds expended; State of Delaware capital improvement funds appropriated, received, and expended; and State of Delaware agency funds appropriated, received, and expended for the fiscal year ended June 30, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the appropriated general funds, capital improvement funds, and agency funds received from the State of Delaware and the expenditures therefrom by the University of Delaware for the year ended June 30, 2024, in accordance with the cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University of Delaware and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2; and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University of Delaware's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Delaware's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University of Delaware's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Gunnip & Company LLP

January 16, 2025
Wilmington, Delaware

UNIVERSITY OF DELAWARE

Statement of State of Delaware General Funds Appropriated, Received, and Expended

Year ended June 30, 2024

		Received and expended	Unexpended
Current funds - State appropriations:			
General unrestricted operations [1]	$	105,831,800	-
State scholarships		16,542,800	-
		122,374,600	-
Restricted:			
College of Agriculture and Natural Resources		6,385,000	-
College of Education and Human Development		2,914,800	-
Alfred Lerner College of Business and Economics		1,841,600	-
College of Engineering [2]		907,196	451,604
College of Arts and Sciences		1,341,400	-
Biden School of Public Policy and Adminstration		1,274,300	-
College of Earth, Ocean, and Environment		878,100	-
College of Health Sciences [3]		845,800	-
Other programs		784,500	-
		17,172,696	451,604
Total state appropriations	$	139,547,296	451,604

Notes:

[1] The general unrestricted operations appropriation includes a salary supplement of $4,982,600 in accordance with House Bill 196 as part of the State of Delaware personnel contingency.

[2] The State of Delaware approved a continuance for the College of Engineering unexpended appropriations through June 30, 2025.

[3] The $247,000 Nursing Expansion appropriation is included within the College of Health Sciences.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE
Statement of State of Delaware General Funds Expended
Year ended June 30, 2024

	Salaries and wages	Benefits	Scholarships and awards	Supplies, travel, and other	Total
Current funds - State appropriations:					
General unrestricted operations	$ 82,255,104	23,576,696	—	—	105,831,800
State scholarships:	—	—	16,542,800	—	16,542,800
Restricted:					
College of Agriculture and Natural Resources:					
Cooperative Extension	1,589,519	541,388	—	335,259	2,466,166
Carvel Research and Education Center	350,909	122,235	—	656,552	1,129,696
Poultry Disease Research	443,140	180,157	—	380,317	1,003,614
Agricultural Experiment Station	486,141	163,977	—	121,256	771,374
Biotechnology	372,540	146,061	—	15,231	533,832
Info Tech Partnership-APEC	237,460	81,473	—	—	318,933
Soil Testing	122,477	38,552	—	356	161,385
	3,602,186	1,273,843	—	1,508,971	6,385,000
College of Education and Human Development:					
Math/Science/Literacy/Social Studies Ed for DE Teachers	578,466	228,643	—	92,891	900,000
Delaware Center For Teacher Education	192,440	76,768	—	160,444	429,652
Clinical Instruction in Teacher Education	295,563	38,233	—	4,000	337,796
Early Learning Center	197,450	102,550	—	—	300,000
Delaware Education Research & Development Center	186,157	65,990	—	1,153	253,300
Delaware Academy for School Leadership	135,935	46,673	—	42,392	225,000
Kent/Sussex Teacher Ed Support	115,100	26,080	—	—	141,180
Early Childhood Education	94,823	31,709	—	2,968	129,500
The College School	91,425	36,113	—	—	127,538
Delaware State - Human Development/Family Science	33,728	7,563	—	—	41,291
Graduate Education – Southern Delaware	21,178	8,365	—	—	29,543
	1,942,265	668,687	—	303,848	2,914,800
College of Business and Economics:					
Information Technology Partnership	1,314,880	476,518	—	50,202	1,841,600
College of Arts and Sciences:					
Associate in Arts Degree	400,249	158,176	—	—	558,425
Computer Aided Instruction Arts & Sciences	85,410	33,737	—	428,008	547,155
Secondary Clinical Teacher Education - Upstate	169,042	66,772	—	6	235,820
	654,701	258,685	—	428,014	1,341,400
Biden School:					
Civics Education for Teachers	201,570	71,395	—	8,136	281,101
Student Public Service & Applied Research Projects	236,198	21,144	—	—	257,342
Community & Nonprofit Development Program	160,007	64,927	—	768	225,702
Local Government Research & Assistance	158,258	46,030	—	—	204,288
Healthy Communities Program	82,641	32,909	—	90	115,640
Training and Research in Educational Management	78,961	21,696	—	—	100,657
Research on School Finance	58,392	20,041	—	—	78,433
Women's Leadership	7,983	3,154	—	—	11,137
	984,010	281,296	—	8,994	1,274,300
College of Earth, Ocean, and Environment:					
Sea Grant Program	458,674	181,207	—	(30)	639,851
Coastal Community Development	117,512	42,335	—	24,864	184,711
Biotechnology	38,369	15,156	—	13	53,538
	614,555	238,698	—	24,847	878,100
College of Engineering:					
Information Technology Partnership	291,049	114,965	—	—	406,014
Biotechnology	161,939	63,965	—	—	225,904
Electrical Engineering Biotechnology	85,961	33,955	—	—	119,916
Computer & Information Science Biotechnology	90,635	16,331	—	—	106,966
UD/DSU Joint Engr Degree	—	—	21,520	26,876	48,396
	629,584	229,216	21,520	26,876	907,196
College of Health Sciences:					
Nurse Practitioner Program	429,032	169,468	—	—	598,500
State Nursing Expansion Program	177,276	70,024	—	—	247,300
	606,308	239,492	—	—	845,800
Other Programs:					
Delaware Biotechnology Institute	371,318	154,182	—	—	525,500
Diversity Enhancement	156,193	72,807	—	30,000	259,000
	527,511	226,989	—	30,000	784,500
Total state appropriations	$ 93,131,104	27,470,120	16,564,320	2,381,752	139,547,296

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

Statement of State of Delaware Capital Improvement Funds Appropriated and Received, and Expended

Year ended June 30, 2024

	For the year ended June 30, 2024					Inception through June 30, 2024 (unaudited)		
	Cash balance on hand at beginning of year		Funds appropriated and received	Expended	Cash balance on hand at end of year	Original appropriation	Funds expended through June 30, 2024	Unexpended appropriations at June 30, 2024
Plant funds – capital improvements:								
Act of 2020 – Laboratories	$	—	6,273,809	6,273,809	—	10,000,000	10,000,000	-
Act of 2021 – Laboratories		—	9,898,437	9,898,437	—	10,000,000	10,000,000	-
Act of 2022 – Laboratories		—	14,484,754	14,484,754	—	15,000,000	14,484,754	515,246
Act of 2022 – Shellfish Aquaculture		—	164,066	164,066	—	200,000	200,000	-
Act of 2023 – Laboratories		—	6,560,044	6,560,044	—	20,000,000	9,577,845	10,422,155
Act of 2023 – Shellfish Aquaculture		—	—	—	—	100,000	—	100,000
Act of 2024 – Laboratories		—	972,358	972,358	—	20,000,000	972,358	19,027,642
Grand total plant funds	$	—	38,353,468	38,353,468	—	75,300,000	45,234,957	30,065,043

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

Statement of State of Delaware Agency Funds Appropriated, Received and Expended

Year ended June 30, 2024

	Cash Balance on hand at beginning of year	Appropriations received [1]	Expended	Returned to State of Delaware	Cash Balance on hand at end of year [2]
Delaware Geological Survey - 2023/2024:					
Salaries and Wages	$ 1,023,182	1,747,144	1,433,682	—	1,336,644
Travel	—	30,695	30,695	—	—
Supplies and expense	18,851	200,961	153,011	—	66,801
Federal cooperative program	—	153,500	153,500	—	—
Rivermaster program	232,267	127,300	117,991	—	241,576
	$ 1,274,300	2,259,600	1,888,879	—	1,645,021

Notes:

[1] Appropriations received includes one-time supplement of $58,600 as part of the State of Delaware personnel contingency.

[2] At June 30, 2024, the ending balance consisted of $308,377 in encumbered funds and $1,336,644 to be carried forward to fiscal year 2025.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

Notes to Statements of State of Delaware General Funds Appropriated, Received, and Expended; State of Delaware General Funds Expended; State of Delaware Capital Improvement Funds Appropriated, Received, and Expended; and State of Delaware Agency Funds Appropriated, Received, and Expended

Year ended June 30, 2024

(1) The University and State Relationship

The University of Delaware (the University), a privately chartered university with public support, is a doctoral/research institution extensive, land grant, sea grant, space grant, and urban grant institution. The University, with origins in 1743, was chartered by the State of Delaware (the State) in 1833. A Women's College was opened in 1914, and in 1945, the University became permanently coeducational. The main campus is located in Newark, Delaware. Courses are also offered at other locations throughout the State, including Wilmington, Lewes, Dover, Milford, and Georgetown.

The University receives annual operating and capital appropriations from the State, which are detailed herein. The University also participates in certain benefit plans of the State. Expenses associated with such benefit plans are not included herein. The State also provides property, fire, and other insurance coverage with an imputed premium value of $1,837,266 which is also not included herein.

The Delaware Geological Survey (the DGS) is a separate state agency under the general charge and direction of the University, and therefore, the DGS appropriations are not included in the statement of State of Delaware general funds appropriated, received, and expended. The DGS appropriation from the State for fiscal year 2024 was $2,259,600.

(2) Basis of Presentation

The statements of State of Delaware general funds appropriated, received, and expended; State of Delaware general funds expended; State of Delaware capital improvement funds appropriated, received, and expended; and State of Delaware agency funds appropriated, received, and expended were prepared on the cash basis of accounting, and accordingly, appropriations are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

The statements included herein, along with the supplemental schedule, are prepared to satisfy Title 2906(h) which states, "The Auditor of Accounts shall conduct audits of the State funded portion of the finances of the University of Delaware as authorized by §5109 of Title 14."

(3) General and Restricted Appropriations

In the House Bill No. 195 Act of 2024 the State appropriated $117,392,000 to the University for unrestricted use in its operations and student scholarships. Additionally, in House Bill No. 195 Act of 2024 the State appropriated $17,624,300 for restricted programmatic support for the related colleges within the University. The State also provided contingency funds of $4,982,600 exclusively for personnel costs. Restricted appropriations are subject to annual reporting requirements to the State.

(4) Capital Improvement Appropriations

In the Senate Bill No. 160 Act of 2024, the State appropriated $20,000,000 to the University for the construction and deferred maintenance of laboratories. Capital appropriations are required to be expended within three years of issuance unless a continuance is requested and approved.

(5) Expended Funds

Expenditures include salaries and wages, benefits, and supplies, materials, travel and other miscellaneous program costs (other expenses). Salaries and wages are allocated based upon total budgeted state funding. Benefit expenses are allocated based upon a percentage of salaries and wages. Other expenses are direct expenses paid to vendors and suppliers or may be internally allocated from university service centers or auxiliary operations. Such allocations are based upon the nature of the service being provided.

(6) Subsequent Events

Events and transactions subsequent to year end have been evaluated for potential recognition in the financial statements or disclosure in the Notes to Financial Statements. All events and transactions have been evaluated through January 16, 2025, which is the date the financial statements were available to be issued.

Schedule 1

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds – Current Funds Expenditures by Function

Year ended June 30, 2024

	Instruction and departmental research	Sponsored research	Extension and public service	General institutional support	Student aid	Operations and maintenance	Total
Expenses:							
Current Funds- State appropriations:							
General unrestricted operations [1]	$ 105,831,800	—	—	—	—	—	105,831,800
State scholarships	—	—	—	—	16,542,800	—	16,542,800
Restricted:							
College of Agriculture and Natural Resources	318,933	3,232,794	2,626,248	—	—	207,025	6,385,000
College of Education and Human Development	2,361,500	253,300	300,000	—	—	—	2,914,800
College of Business and Economics	1,841,600	—	—	—	—	—	1,841,600
College of Arts and Sciences	1,341,400	—	—	—	—	—	1,341,400
Biden School	304,945	—	969,355	—	—	—	1,274,300
College of Earth, Ocean, and Environment	53,538	—	824,562	—	—	—	878,100
College of Engineering	398,795	486,881	—	—	21,520	—	907,196
College of Health Sciences	845,800	—	—	—	—	—	845,800
Other programs	676,000	—	—	108,500	—	—	784,500
Total expenses	$ 113,974,311	3,972,975	4,720,165	108,500	16,564,320	207,025	139,547,296

Note:

[1] The University assigns the general operations expenses to Colleges and administrative units annually.

See accompanying independent auditors' report.

Gunnip&company LLP
Certified Public Accountants and Consultants

E. Adam Gripton CPA
Katherine L. Silicato CPA
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Christopher D. Erisman CPA
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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
University of Delaware
Newark, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of State of Delaware general funds appropriated, received, and expended; State of Delaware general funds expended; State of Delaware capital improvement funds appropriated, received, and expended; and State of Delaware agency funds appropriated, received, and expended of the University of Delaware (the University) for the fiscal year ended June 30, 2024, collectively "the financial statements", and have issued our report thereon dated January 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gunnip & Company LLP

January 16, 2025
Wilmington, Delaware